

MINUTES

**MONTANA SENATE
59th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON ENERGY AND TELECOMMUNICATIONS

Call to Order: By **CHAIRMAN KEN TOOLE**, on March 3, 2005 at 3:00 P.M., in Room 317-C Capitol.

ROLL CALL

Members Present:

Sen. Ken Toole, Chairman (D)
Sen. Brent R. Cromley (D)
Sen. Aubyn Curtiss (R)
Sen. Jeff Essmann (R)
Sen. Dan Harrington (D)
Sen. Dave Lewis (R)
Sen. Greg Lind (D)
Sen. Dan McGee (R)
Sen. Gary L. Perry (R)
Sen. Carol Williams (D)

Members Excused: Sen. Glenn Roush (D)

Members Absent: None.

Staff Present: Casey Barrs, Legislative Branch
Claudia Johnson, Committee Secretary

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted: HB 43, 2/23/2005; HB 78, 2/23/2005
Executive Action: HB 43; HB 78

HEARING ON HB 43**Opening Statement by Sponsor:**

REP. JOHN MUSGROVE (D), HD 34, opened the hearing on **HB 43**, Require oil and gas producers to itemize charges.

REP. MUSGROVE informed the Committee that he has met with the opponents of this bill after it was heard in the House Committee, and they came to an agreement and they are now here as proponents. This bill is the result of all parties from the House Subcommittee. He hoped this is a viable bill. He discussed the bill showing the Committee Members the changes that were made in the House Committee.

Proponents' Testimony:

Gail Abercrombie, Executive Director of Montana Petroleum Association, stated they are proponents of this bill after working with the House Subcommittee to come up with amendments that make this bill agreeable. She encouraged the Committee to pass this bill with no further amendments.

Jerome Anderson, Legal representative for Encore Acquisition Co., stated that ENCORE supports this bill with the amendments. He urged the Committee to Concur with HB 43.

Tom Ebzery, Attorney from Billings, representing Oil, Gas, and Coal Bed Methane companies, stated these companies also support HB 43. He said when the bill was first introduced it drew quite a crowd of opponents. He thanked **REP. MUSGROVE** for getting all parties together to work out the issues that had come up on the House Committee. He urged the Committee to Concur with HB 43.

Patrick Montalbin, representing Northern Montana Oil and Gas Associations, said the Association strongly supports this bill along with the rogue drillers. He stated there are 77 gas operators in the state of Montana. There were only two proponents when this bill was presented in the House Committee, but **REP. MUSGROVE** was able to get all parties together to work this out with amendments. He said the operators do not like being regulated, but with the amendments the Association supports HB 43. He urged the Committee to Concur with HB 43.

Joe Icenogle, representing Fidelity Exploration and Production Company, stated their support for this bill with the amendments. He thanked **REP. MUSGROVE** for all his hard work in bringing everyone together to come up with a solution. He urged the Committee to Concur with HB 43.

Sara Michelle Reinhardt, representing Agriculture, stated they support HB 43 with the amendments. She asked the Committee to Concur on HB 43.

Opponents' Testimony: None.

Informational Testimony: None.

Questions from Committee Members and Responses: None

Closing by Sponsor:

REP. MUSGROVE closed thanking everyone for a good hearing. He discussed the subcommittee meetings with all the parties to come to an agreement on all sides. He urged the Committee to Concur with HB 43.

SEN. ESSMANN will carry HB 43.

{Tape: 1; Side: A; Approx. Time Counter: 5.5 - 10}

EXECUTIVE ACTION ON HB 43

Motion/Vote: **SEN. PERRY** moved that HB 43 BE CONCURRED IN. Motion carried unanimously by voice vote. **SEN. ROUSH** voted yes by proxy.

{Tape: 1; Side: A; Approx. Time Counter: 10 - 25}

HEARING ON HB 78

Opening Statement by Sponsor:

REP. CHRISTOPHER HARRIS (D), HD 66, opened the hearing on **HB 78**, Revise permitting of underground storage tanks. He said under current law the companies are shut down for several days when there is only a minor infraction. He gave the Committee an example of a minor infraction where a company was shut down for several days because they didn't have the operating manual for the storage tanks. He stated this is not an excuse for not being in compliance. He said the reason for bringing the storage tanks into compliance is to keep them from not receiving penalties for minor violations. He stated that DEQ requested this bill so they wouldn't have to use all their resources toward minor violations.

Proponents' Testimony:

Ed Thamke, Department of Environmental Quality (DEQ), distributed a fact sheet on regulatory changes for underground storage tanks. He reviewed the fact sheet showing that DEQ is responsible for the authorization of underground storage tanks. He informed the Committee that current law states that the DEQ may not issue or renew underground storage tank permits. This bill will reduce the use of DEQ resources, and revises the way the department will address minor infractions for tanks not in compliance. He said major and moderate violations will still receive compliance orders. Current law doesn't allow the department time to gather all relevant facts before initiating enforcement. Time lines are driven by the fact that a facility needs a new operating permit to continue business, and the department can only issue one if formal enforcement is initiated. He stated that this bill eliminates mandatory enforcement for noncompliance and allows discretion to prioritize formal enforcement for threats to human health and the environment.

EXHIBIT (ens47a01)

Ronna Alexander, representing Montana Petroleum Marketers & C-Store Association, stated the Association's support for HB 78. She said this will allow convenient stores to run more efficiently by not having to shut down for minor infractions. She urged the Committee to concur with HB 78.

Opponents' Testimony: None.

Informational Testimony: None.

Questions from Committee Members and Responses: None

Closing by Sponsor: REP. HARRIS closed urging the Committee to put the bill through.

SEN. LIND will carry HB 78 on the floor of the Senate.

{Tape: 1; Side: A; Approx. Time Counter: 15 - 25}

EXECUTIVE ACTION ON HB 78

Motion/Vote: SEN. LIND moved that HB 78 BE CONCURRED IN. Motion carried unanimously by voice vote. SEN. ROUSH voted yes by proxy.

ADJOURNMENT

Adjournment: 4:30 P.M.

SEN. KEN TOOLE, Chairman

CLAUDIA JOHNSON, Secretary

KT/cj

Additional Exhibits:

EXHIBIT ([ens47aad0.PDF](#))